

AMENDED IN SENATE MAY 15, 2006

**SENATE BILL**

**No. 1554**

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**Introduced by Senators Bowen and Cox**

February 23, 2006

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An act to add Section 9601.5 to the Public Utilities Code, relating to local publicly owned electric utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1554, as amended, Bowen. Local publicly owned electric utilities: cost responsibility surcharge.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under existing law, the commission has imposed a cost responsibility surcharge on municipal departing load, as defined in commission decisions. Existing law relative to electrical restructuring, with certain exceptions, prohibits a local publicly owned electric utility from providing electric service to a retail customer of an electrical corporation unless the customer first confirms in writing an obligation to pay to the electrical corporation a nonbypassable generation-related severance fee or transition charge established by the regulatory body for that electrical corporation.

This bill would prohibit the commission from imposing ~~any charge, including~~ a cost responsibility surcharge, *as defined*, on a customer of a local publicly owned electric utility if the customer's service location has not previously received service from an electrical corporation. *The bill would authorize the commission to adopt a procedure, as prescribed, to determine whether a generation-related charge other than a cost responsibility surcharge may be imposed on*

*a customer of a local publicly owned electric utility at a location that has not previously received service from an electrical corporation.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 9601.5 is added to the Public Utilities  
2     Code, to read:  
3     9601.5. ~~Notwithstanding any other law, the~~ (a) *The*  
4     commission shall not impose ~~any charge, including, but not~~  
5     ~~limited to,~~ a cost responsibility surcharge, on a customer of a  
6     local publicly owned electric utility if the customer's service  
7     location has not previously received service from an electrical  
8     corporation.  
9     (b) *As used in this section, "cost responsibility surcharge"*  
10    *includes the competition transition charge imposed pursuant to*  
11    *Section 367, the energy recovery bond charge imposed pursuant*  
12    *to Section 848.1, and the Department of Water Resources power*  
13    *and bond charges imposed pursuant to Division 27 (commencing*  
14    *with Section 80000) of the Water Code.*  
15    (c) *The commission may adopt a procedure to determine*  
16    *whether a generation-related charge, other than a cost*  
17    *responsibility surcharge, may be imposed on a customer of a*  
18    *local publicly owned electric utility at a location that has not*  
19    *previously received service from an electrical corporation. The*  
20    *commission's procedure shall permit an electrical corporation to*  
21    *demonstrate that it has incurred necessary and prudent costs in*  
22    *anticipation of serving a location that comes to be served by a*  
23    *local publicly owned electric utility, that those costs are*  
24    *recoverable from the electrical corporation's customers, and that*  
25    *those costs also should be recovered from the local publicly*  
26    *owned electric utility's customers. Before authorizing the*  
27    *recovery of those costs, the commission shall require the*  
28    *electrical corporation to show that the costs to be recovered from*  
29    *the local publicly owned electric utility's customers exceed the*  
30    *costs of imposing the charge, including litigation, billing, and*  
31    *collection. In determining whether an electrical corporation's*  
32    *costs are necessary and prudent, and whether a charge is*  
33    *reasonable, the commission shall consider assessments submitted*

- 1 *by the State Energy Resources Conservation and Development*
- 2 *Commission pursuant to subdivision (b) of Section 25302.5 of the*
- 3 *Public Resources Code.*

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